

AMENDED IN SENATE JUNE 17, 2008

AMENDED IN ASSEMBLY MAY 23, 2008

AMENDED IN ASSEMBLY APRIL 8, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2175**

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**Introduced by Assembly Members Laird and Feuer  
(Coauthors: Assembly Members Huffman, Krekorian, Ruskin, and  
Wolk)**

February 20, 2008

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An act to amend Section 10631.5 of, and to add Part 2.55 (commencing with Section 10608) to Division 6 of, the Water Code, relating to water conservation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2175, as amended, Laird. Water conservation.

(1) Existing law requires the Department of Water Resources to convene an independent technical panel to provide information to the department and the Legislature on new demand management measures, technologies, and approaches. "Demand management measures" means those water conservation measures, programs, and incentives that prevent the waste of water and promote the reasonable and efficient use and reuse of available supplies.

This bill would require the department to ~~establish a statewide target~~ *state* to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. *The bill would require the state to reduce per capita use by at least 5% on or before December 31, 2012, and by 10% on or before December 31, 2015.* By December 31, 2020,

each urban water supplier would be required to reduce its per capita water use by 20%, except as provided.

The bill would require the department, by December 31, 2009, to establish a statewide numeric water conservation target for agricultural water use that provides for a significant increase in *the efficiency of agricultural water conservation use* in California. By December 31, 2012, each agricultural water supplier would be required to adopt numeric water conservation targets to be achieved by December 31, 2015, and December 31, 2020.

The bill would require the department to *propose, adopt, and submit to the Legislature* a plan of action to meet the state targets described above under certain circumstances. *By April 30, 2009, the department would be required to prepare a preliminary conservation report relating to water use reduction and conservation savings. By December 31, 2010, the department would be required to develop a methodology to estimate the numeric value of agricultural water use efficiency.* The bill would make related legislative findings and declarations and statements of legislative intent.

(2) Existing law makes the terms of, and eligibility for, a water management grant or loan made to an urban water supplier and awarded or administered by the department, state board, or California Bay-Delta Authority or its successor agency conditioned on the implementation of specified water demand management measures.

This bill would make this provision only apply until December 31, 2012, and beginning January 1, 2013, would instead condition these grants or loans made to urban or agricultural water suppliers on the implementation of the requirements of paragraph (1), above.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Part 2.55 (commencing with Section 10608) is  
2 added to Division 6 of the Water Code, to read:

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4

#### PART 2.55. WATER CONSERVATION

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#### CHAPTER 1. GENERAL DECLARATIONS AND POLICY

7

8

10608. The Legislature finds and declares all of the following:

(a) Water is a public trust resource in California that should be protected against waste and unreasonable use.

(b) Growing population, climate change, and the need to protect California's fish and wildlife make it essential that the state manage its water resources as efficiently as possible.

(c) In 2000, total water use in California was approximately 83 million acre-feet per year, based on an average water year. This total water use consists of urban water use in the amount of 9 million acre-feet, agricultural water use in the amount of 34 million acre-feet, and environmental water use in the amount of 40 million acre-feet.

(d) Reduced water use through conservation provides significant energy and environmental benefits, can help protect water quality, and reduces greenhouse gas emissions.

(e) Improvements in technology and management practices offer the potential for increasing water conservation in California over time, providing an essential water management tool to meet the need for water for urban, agricultural, and environmental uses.

(f) The California Water Plan, updated in 2005, includes planning scenarios that indicate that by 2030 urban water conservation can reduce water demand by up to 3.1 million acre-feet per year and agricultural water conservation can reduce net water use by up to 800,000 acre-feet of water per year.

(g) The Governor has called for a 20 percent per capita reduction in urban water use statewide by 2020.

10608.1. It is the intent of the Legislature, by the enactment of this part, to require all water suppliers to identify, adopt, and implement water conservation measures to avoid waste and unreasonable use of this essential resource.

## CHAPTER 2. DEFINITIONS

10608.2. The following definitions apply to this part:

~~(a) "Base per capita water use" means the average of three water years, which includes a normal, dry, and wet water year, as identified by the department and which most accurately reflects current water use in 2009.~~

~~(b) "High per capita water use" means water use in an urban water supplier's service area that is \_\_\_\_\_ gallons per capita per day or higher.~~

1 (e) ~~“Locally cost effective” means that the present value of the~~  
2 ~~local benefits of implementing a water conservation measure are~~  
3 ~~greater than or equal to the present value of the local costs of~~  
4 ~~implementing that measure.~~

5 (d) ~~“Low per capita water use” means water use in an urban~~  
6 ~~water supplier’s service area that is \_\_\_\_\_ gallons per capita per day~~  
7 ~~or lower.~~

8 (e) ~~“Per capita water use” means the daily per person urban~~  
9 ~~water use, which includes residential, municipal, industrial, and~~  
10 ~~commercial water use and system water losses.~~

11 (f) ~~“Water conservation” means those measures, programs, and~~  
12 ~~incentives that result in reduced demand, prevent the waste of~~  
13 ~~water, and promote the efficient use of available supplies.~~

14 (g) ~~Except as otherwise indicated, “water supplier” includes~~  
15 ~~both of the following:~~

16 (1) ~~An urban water supplier, as defined in Section 10617.~~

17 (2) ~~An agricultural water supplier, as defined in subdivision (b)~~  
18 ~~of Section 531.~~

19 (a) *“Base daily per capita water use” means a daily per capita*  
20 *water use during a representative year or an average of multiple*  
21 *years from 2000 to 2008, inclusive, to reflect current normal water*  
22 *use.*

23 (b) *“California standard” means a specified level of daily per*  
24 *capita water use for urban retail water suppliers, based on the*  
25 *Department of Water Resources’ most current map of Reference*  
26 *EvapoTranspiration, and shall be:*

27 (1) *One hundred fifty gallons per capita daily (gpcd) water use*  
28 *if the majority of the district residents are in Zones 1 to 5, inclusive.*

29 (2) *One hundred sixty gpcd water use if the majority of the*  
30 *district residents are in Zones 6 to 10, inclusive.*

31 (3) *One hundred seventy gpcd water use if the majority of the*  
32 *district residents are in Zones 11 or greater.*

33 (c) (1) *“Daily per capita water use” means the gross water*  
34 *use in a calendar year divided by the average number of residents*  
35 *during that year divided by 365 days per year.*

36 (2) *For purposes of paragraph (1), the average number of*  
37 *residents during that year shall be determined using federal, state,*  
38 *and regional population reports supplemented with local*  
39 *information and trend-based extrapolations.*

1 (d) “Gross water use” means the sum of all metered and  
2 unmetered water deliveries by an urban retail water supplier  
3 during a calendar year, excluding agricultural water deliveries  
4 and recycled water.

5 (e) “Locally cost effective” means that the present value of the  
6 local benefits of implementing a water conservation measure are  
7 greater than or equal to the present value of the local costs of  
8 implementing that measure.

9 (f) “Water conservation” means the efficient management of  
10 water resources for beneficial uses, preventing waste, or  
11 accomplishing additional benefits with the same amount of water.

12 (g) Except as otherwise indicated, “water supplier” includes  
13 both of the following:

14 (1) An urban water supplier, as defined in Section 10617,  
15 excluding suppliers that provide water exclusively on a wholesale  
16 basis.

17 (2) An agricultural water supplier, either publicly or privately  
18 owned, supplying 2,000 acre-feet or more of water annually for  
19 agricultural purposes or serving 2,000 or more acres of  
20 agricultural land. An agricultural water supplier includes a  
21 supplier or contractor for water, regardless of the basis of right,  
22 which distributes or sells water for ultimate resale to customers.

23 (h) “Recycled water use” means any beneficial use of recycled  
24 water which helps meet a retail urban water supplier’s gross water  
25 use, including groundwater recharge and injection.

26 (i) “Targeted percent reduction” means the percent reduction  
27 in daily per capita water use required, pursuant to Section 10608.6,  
28 for an urban water supplier.

29  
30 CHAPTER 3. URBAN WATER CONSERVATION TARGETS  
31

32 ~~10608.4. (a) The department shall establish a statewide target~~  
33 ~~to achieve a 20 percent reduction in urban per capita water use in~~  
34 ~~California on or before December 31, 2020.~~

35 ~~(b) On or before December 31, 2013, and not less than every~~  
36 ~~five years thereafter, the department shall include in the update of~~  
37 ~~the California Water Plan pursuant to Section 10004, a status report~~  
38 ~~on the progress in meeting the statewide target established by~~  
39 ~~subdivision (a).~~

~~(e) To the extent that the statewide target is not achieved on or before December 31, 2020, the department shall propose and adopt a plan of action to meet the statewide target. This plan shall specify the increased levels of water conservation that need to be implemented at the state and local levels. This increased level of conservation shall be supported by state funding or federal funding, if provided, because of the broad public benefits.~~

~~10608.6.— (a) On or before December 31, 2020, each urban water supplier shall reduce its per capita water use by 20 percent, except as otherwise provided in subdivision (b). The 20 percent reduction shall be applied against the base per capita water use of the urban water supplier. Each urban water supplier shall make incremental progress by reducing per capita water use by at least 5 percent on or before December 31, 2012, and by 10 percent on or before December 31, 2015.~~

~~(b) The department and the state board shall develop criteria to create both of the following:~~

~~(1) Alternative conservation targets, less than the 20 percent reduction required by subdivision (a), to be applied to urban water suppliers that have and maintain low per capita water use.~~

~~(2) Additional conservation targets, beyond the 20 percent reduction required by subdivision (a), to be applied to urban water suppliers that have high per capita water use.~~

~~10608.8.— (a) On or before December 31, 2010, and every two years thereafter, an urban water supplier shall report to the department and the state board, using a standardized form developed by the department, all of the following information:~~

~~(1) Base per capita water use.~~

~~(2) Current per capita water use.~~

~~(3) Current population served by the urban water supplier.~~

~~(4) Acre-foot water savings attributed to the per capita water use reductions.~~

~~(b) Based on its review of the information submitted pursuant to subdivision (a), the department may require urban water suppliers to adopt specific water conservation measures if the reductions required by Section 10608.6 are not achieved.~~

~~10608.4. (a) The state shall achieve a 20-percent reduction in urban per capita water use in California on or before December 31, 2020.~~

1     (b) The state shall make incremental progress towards the state  
2     target specified in subdivision (a) by reducing per capita water  
3     use by at least 5 percent on or before December 31, 2012, and by  
4     10 percent on or before December 31, 2015.

5     (c) If the state target described in subdivision (a) or the interim  
6     targets described in subdivision (b) are not met, the department  
7     shall propose, adopt, and submit to the Legislature a plan of action  
8     to meet the statewide target. The plan shall specify the increased  
9     levels of water conservation, including measures, programs, and  
10    policies to be implemented at the state and local levels. The plans  
11    shall be submitted on or before December 31, 2013, December  
12    31, 2016, and December 31, 2021.

13    (d) Based on its review of the information submitted pursuant  
14    to Section 10608.6, the department may require urban water  
15    suppliers to adopt specific water conservation measures if the  
16    reductions required by Section 10608.6 are not achieved.

17    10608.6. (a) An urban retail water supplier may reduce the  
18    percent reduction required in subdivision (d) by 5 percent if, by  
19    January 1, 2009, the urban retail water supplier has implemented  
20    the water demand management measures described in Section  
21    10631. The department shall develop criteria, with public input,  
22    for certification of compliance with the following demand  
23    management measures:

24    (1) System water audits, leak detection and repair.

25    (2) Metering with commodity rates.

26    (3) Public information.

27    (4) School education programs.

28    (5) Conservation pricing.

29    (6) Conservation coordinator.

30    (7) Waste water prohibition.

31    (b) In establishing the certification criteria for the demand  
32    management measures in subdivision (a), the department shall  
33    consider the best management practices described in the  
34    Memorandum of Understanding Regarding Urban Water  
35    Conservation in California as last amended in June 2007.

36    (c) On or before December 31, 2020, all urban retail water  
37    suppliers shall achieve a minimum reduction from the base daily  
38    per capita water use of 5 percent, unless an urban supplier's water  
39    use is at 110 gallons per capita per day or less.

1 (d) On or before December 31, 2020, all urban retail water  
2 suppliers with base daily per capita water use exceeding the  
3 applicable California standard by 20 percent or more shall reduce  
4 daily per capita water use by at least 20 percent.

5 (e) On or before December 31, 2020, all urban retail water  
6 suppliers with base daily per capita water use exceeding the  
7 applicable California standard by less than 20 percent shall reduce  
8 daily per capita water use to equal the applicable California  
9 standard or by 5 percent, whichever percentage is greater.

10 (f) Each urban water supplier shall make incremental progress  
11 by achieving at least 25 percent of the targeted per capita reduction  
12 on or before December 31, 2012, and achieving 50 percent on or  
13 before December 31, 2015.

14 (g) An urban water supplier may report on the targeted percent  
15 reduction either on an aggregated basis of daily per capita water  
16 use that includes all water uses in a supplier's district, or by  
17 disaggregating between residential per capita water use and  
18 commercial, industrial, and institutional per connection water use.  
19 The following requirements apply to an urban water supplier that  
20 selects the option of disaggregating its water use:

21 (1) The urban water supplier shall use its aggregate water use  
22 for purposes of determining the applicable California standard  
23 on which to base its targeted per capita reduction for its residential  
24 water use.

25 (2) The urban water supplier shall reduce its commercial,  
26 industrial, and institutional per connection water use by no less  
27 than 15 percent. An urban water supplier may reduce the percent  
28 reduction required in this paragraph by 5 percent if, by January  
29 1, 2009, the supplier has implemented conservation programs for  
30 commercial, industrial, and institutional accounts pursuant to  
31 Section 10631.

32 (h) Upon written application to the department, an urban retail  
33 water supplier may request adjustment to its targeted percent  
34 reduction. The department shall develop criteria for the approval  
35 of the following adjustments:

36 (1) Unique climatic conditions.

37 (2) Substantial changes to the commercial, industrial, and  
38 institutional water use in the supplier's district.

39 (3) Unique conditions associated with an urban water supplier's  
40 current water deliveries.



1 (4) *Technical or economic infeasibility for commercial,*  
2 *industrial, and institutional customers.*

3 10608.8. (a) *Urban water suppliers shall report to the*  
4 *department and the state board on their incremental progress in*  
5 *reaching the targeted percent reduction. Reports shall be submitted*  
6 *on or before December 31, 2010, December 31, 2012, December*  
7 *31, 2015, and December 31, 2020.*

8 (b) *Reports may be submitted as part of the urban water*  
9 *management plans required pursuant to Section 10631.*

10 (c) *The reports shall be submitted using a standardized form*  
11 *developed by the department and shall include the following*  
12 *information:*

13 (1) *Baseline year or years.*

14 (2) *Baseline daily per capita water use.*

15 (3) *Targeted percent reduction*

16 (4) *Acre-foot water savings attributed to the targeted percent*  
17 *reduction.*

18 (5) *Current daily per capita water use.*

19 (6) *Current population served.*

20 (7) *Estimated 2020 population served by the urban water*  
21 *supplier, as defined in subdivision (e) of Section 10602.*

22 (8) *Acre-foot water savings estimated for the current year and*  
23 *for the year 2020 attributed to the targeted percent reductions.*

24 (9) *Acre-foot water savings estimated for the year 2020*  
25 *attributed to the targeted percent reductions.*

26 10608.9. *State agencies shall reduce water use on facilities*  
27 *they own or operate to support the local urban water supplier in*  
28 *meeting the targeted percent reduction in daily per capita water*  
29 *use.*

30  
31 *CHAPTER 4. AGRICULTURAL WATER CONSERVATION TARGETS*  
32

33 10608.10. (a) *On or before December 31, 2009, the department*  
34 *shall establish a statewide numeric water conservation target for*  
35 *agricultural water use that provides for a significant increase in*  
36 *the efficiency of agricultural water conservation use in California.*  
37 *The initial target shall be for December 31, 2020, and shall be not*  
38 *less than 500,000 acre-feet of net water reduction from projected*  
39 *demand in the absence of additional agricultural water conservation*  
40 *practices, not otherwise attributed to land use changes. On or before*

1 ~~December 31, 2012, and not less than every five years thereafter,~~  
2 ~~the department shall review and may increase the water~~  
3 ~~conservation target, based on consideration of all relevant~~  
4 ~~information, including, but not limited to, information received~~  
5 ~~pursuant to this section.~~

6 (b) On or before December 31, 2012, each agricultural water  
7 supplier shall adopt numeric water conservation targets to be  
8 achieved by December 31, 2015, and December 31, 2020, and  
9 report to the department on those targets. An agricultural water  
10 supplier shall review and update the targets every five years  
11 thereafter. The target shall be based on reductions that can be  
12 achieved by water management practices that are both technically  
13 feasible and locally cost effective, or implementation of alternative  
14 measures that achieve equal or greater water savings.

15 (c) On or before December 31, 2015, and every five years  
16 thereafter, an agricultural water supplier shall submit a report to  
17 the department, confirmed by independent evaluation, that  
18 identifies the basis of its adopted water conservation targets and  
19 its progress in reaching the targets. If an agricultural water supplier  
20 determines that a water management practice is not locally cost  
21 effective or technically feasible, the supplier shall submit  
22 information documenting that determination.

23 ~~(d) Based on its review of a report submitted pursuant to~~  
24 ~~subdivision (c) and the related independent evaluation and other~~  
25 ~~relevant information, the department may require an agricultural~~  
26 ~~water supplier to revise its targets if the department determines~~  
27 ~~the proposed targets are not consistent with this part, or to adopt~~  
28 ~~additional water management practices, if there is insufficient~~  
29 ~~progress in meeting the targets.~~

30 *(d) Agricultural water supplier reporting requirements may be*  
31 *met through the submission to the department of an agricultural*  
32 *water management plan developed for the Agricultural Water*  
33 *Management Council or the United States Bureau of Reclamation*  
34 *that is consistent with this part.*

35 10608.12. To the extent that the aggregate of the agricultural  
36 water conservation targets established by agricultural water  
37 suppliers pursuant to subdivision (b) of Section 10608.10 do not  
38 meet the statewide target established pursuant to subdivision (a)  
39 of Section 10608.10, the department shall propose and adopt a  
40 plan of action to meet the statewide target. This plan shall specify

1 the increased levels of water conservation, *including measures,*  
2 *programs, and policies,* that need to be implemented at the state  
3 and local levels. This increased level of conservation shall be  
4 supported by state funding or federal funding, if provided, because  
5 of the broad public benefits.

6  
7 CHAPTER 5. GENERAL CONSERVATION ACTIONS  
8

9 10608.14. ~~(a) Water suppliers may comply with this part~~  
10 ~~individually or regionally.~~

11 ~~(b) Agricultural water supplier reporting requirements may be~~  
12 ~~met through the submission of an agricultural water management~~  
13 ~~plan developed for the Agricultural Water Management Council~~  
14 ~~or the United States Bureau of Reclamation that is consistent with~~  
15 ~~this part.~~

16 10608.15. (a) *On or before April 30, 2009, the department*  
17 *shall prepare a preliminary conservation report that includes, but*  
18 *is not limited to, all of the following:*

19 (1) *A proposed base year or base years for measurement of the*  
20 *20-percent per capita reduction.*

21 (2) *An assessment of current urban per capita water use.*

22 (3) *An estimate of the water conservation savings from current*  
23 *and future urban and agricultural conservation activities.*

24 (b) *Beginning with the year 2013, and every five years*  
25 *thereafter, the department shall include in the update of the*  
26 *California Water Plan, pursuant to Section 10004, a status report*  
27 *on the progress in meeting the conservation targets established*  
28 *by this part.*

29 (c) *On or before December 31, 2013, December 31, 2016, and*  
30 *December 31, 2021, the department shall review and may increase*  
31 *the targets for urban and agricultural water conservation, and*  
32 *shall update the plans for achieving the conservation targets, based*  
33 *on the consideration of all relevant information.*

34 (d) *Based on its review of the information provided in this part,*  
35 *the department may require agricultural and urban water suppliers*  
36 *to adopt additional water conservation or management practices*  
37 *if there is insufficient progress in meeting the targets identified in*  
38 *this part.*

39 10608.16. (a) The department shall develop methodologies  
40 and guidelines as necessary to implement this part.

1     **(b)** *On or before December 31, 2010, in order to better quantify*  
2 *agricultural water use efficiency, the department shall develop a*  
3 *methodology to estimate the numeric value of agricultural water*  
4 *use efficiency. The methodology shall include, but not be limited*  
5 *to, the following information:*

6     **(1)** *Surface water diversion and farm delivery information*  
7 *required pursuant to Section 5103.*

8     **(2)** *Evapotranspiration within a district boundary using best*  
9 *available methods and technologies.*

10    **(3)** *Groundwater use from approved groundwater management*  
11 *plans and other available sources.*

12    ~~**(b)**~~

13    **(c)** All state water conservation targets, methodologies, and  
14 guidelines shall be established only after the department, or at the  
15 department's request, the California Water Commission, conducts  
16 a series of public hearings and workshops to allow participation  
17 of the diverse geographical areas and interest of the state.

18    10608.17. Beginning January 1, 2013, the terms of, and  
19 eligibility for, a water management grant or loan made to urban  
20 or agricultural water suppliers and awarded or administered by the  
21 department, state board, or California Bay-Delta Authority or its  
22 successor agency shall be conditioned on the implementation of  
23 this part.

24    10608.18. **(a)** The Legislature hereby finds and declares that  
25 the development, adoption, and implementation of water  
26 conservation targets as provided in this part is an issue of statewide  
27 significance that is critical to the effective implementation of  
28 integrated regional water management in California.

29    **(b)** It is the intent of the Legislature that funds made available  
30 by Section 75026 of the Public Resources Code should be  
31 expended, consistent with Division 43 (commencing with Section  
32 75001) of the Public Resources Code and upon appropriation by  
33 the Legislature, for grants to implement this part. In the allocation  
34 of funding, it is the intent of the Legislature that the department  
35 give consideration to disadvantaged communities to assist in  
36 implementing the requirements of this part.

37    **(c)** It is the intent of the Legislature that funds made available  
38 by Section 75041 of the Public Resources Code should be  
39 expended, consistent with Division 43 (commencing with Section

1 75001) of the Public Resources Code and upon appropriation by  
2 the Legislature, for direct expenditures to implement this part.

3 SEC. 2. Section 10631.5 of the Water Code is amended to read:

4 10631.5. (a) (1) Beginning January 1, 2009, until December  
5 31, 2012, the terms of, and eligibility for, a water management  
6 grant or loan made to an urban water supplier and awarded or  
7 administered by the department, state board, or California  
8 Bay-Delta Authority or its successor agency shall be conditioned  
9 on the implementation of the water demand management measures  
10 described in Section 10631, as determined by the department  
11 pursuant to subdivision (b).

12 (2) For the purposes of this section, water management grants  
13 and loans include funding for programs and projects for surface  
14 water or groundwater storage, recycling, desalination, water  
15 conservation, water supply reliability, and water supply  
16 augmentation. This funding includes, but is not limited to, funds  
17 made available pursuant to Section 75026 of the Public Resources  
18 Code.

19 (3) Notwithstanding paragraph (1), the department shall  
20 determine that an urban water supplier is eligible for a water  
21 management grant or loan even though the supplier is not  
22 implementing all of the water demand management measures  
23 described in Section 10631, if the urban water supplier has  
24 submitted to the department for approval a schedule, financing  
25 plan, and budget, to be included in the grant or loan agreement,  
26 for implementation of the water demand management measures.  
27 The supplier may request grant or loan funds to implement the  
28 water demand management measures to the extent the request is  
29 consistent with the eligibility requirements applicable to the water  
30 management funds.

31 (4) (A) Notwithstanding paragraph (1), the department shall  
32 determine that an urban water supplier is eligible for a water  
33 management grant or loan even though the supplier is not  
34 implementing all of the water demand management measures  
35 described in Section 10631, if an urban water supplier submits to  
36 the department for approval documentation demonstrating that a  
37 water demand management measure is not locally cost effective.  
38 If the department determines that the documentation submitted by  
39 the urban water supplier fails to demonstrate that a water demand  
40 management measure is not locally cost effective, the department

1 shall notify the urban water supplier and the agency administering  
2 the grant or loan program within 120 days that the documentation  
3 does not satisfy the requirements for an exemption, and include  
4 in that notification a detailed statement to support the  
5 determination.

6 (B) For purposes of this paragraph, “not locally cost effective”  
7 means that the present value of the local benefits of implementing  
8 a water demand management measure is less than the present value  
9 of the local costs of implementing that measure.

10 (b) (1) The department, in consultation with the state board and  
11 the California Bay-Delta Authority or its successor agency, and  
12 after soliciting public comment regarding eligibility requirements,  
13 shall develop eligibility requirements to implement the requirement  
14 of paragraph (1) of subdivision (a). In establishing these eligibility  
15 requirements, the department shall do both of the following:

16 (A) Consider the conservation measures described in the  
17 Memorandum of Understanding Regarding Urban Water  
18 Conservation in California, and alternative conservation approaches  
19 that provide equal or greater water savings.

20 (B) Recognize the different legal, technical, fiscal, and practical  
21 roles and responsibilities of wholesale water suppliers and retail  
22 water suppliers.

23 (2) (A) For the purposes of this section, the department shall  
24 determine whether an urban water supplier is implementing all of  
25 the water demand management measures described in Section  
26 10631 based on either, or a combination, of the following:

27 (i) Compliance on an individual basis.

28 (ii) Compliance on a regional basis. Regional compliance shall  
29 require participation in a regional conservation program consisting  
30 of two or more urban water suppliers that achieves the level of  
31 conservation or water efficiency savings equivalent to the amount  
32 of conservation or savings achieved if each of the participating  
33 urban water suppliers implemented the water demand management  
34 measures. ~~The urban water supplier administering the regional~~  
35 ~~measures. Urban water suppliers may also request a regional~~  
36 ~~agency authorized to plan and implement water conservation to~~  
37 ~~assist in or administer regional water conservation programs. The~~  
38 ~~urban water supplier or regional agency administering the regional~~  
39 program shall provide participating urban water suppliers and the  
40 department with data to demonstrate that the regional program is

1 consistent with this clause. The department shall review the data  
2 to determine whether the urban water suppliers in the regional  
3 program are meeting the eligibility requirements.

4 (B) The department may require additional information for any  
5 determination pursuant to this section.

6 (3) The department shall not deny eligibility to an urban water  
7 supplier in compliance with the requirements of this section that  
8 is participating in a multiagency water project, or an integrated  
9 regional water management plan, developed pursuant to Section  
10 75026 of the Public Resources Code, solely on the basis that one  
11 or more of the agencies participating in the project or plan is not  
12 implementing all of the water demand management measures  
13 described in Section 10631.

14 (c) In establishing guidelines pursuant to the specific funding  
15 authorization for any water management grant or loan program  
16 subject to this section, the agency administering the grant or loan  
17 program shall include in the guidelines the eligibility requirements  
18 developed by the department pursuant to subdivision (b).

19 (d) Upon receipt of a water management grant or loan  
20 application by an agency administering a grant and loan program  
21 subject to this section, the agency shall request an eligibility  
22 determination from the department with respect to the requirements  
23 of this section. The department shall respond to the request within  
24 60 days of the request.

25 (e) The urban water supplier may submit to the department  
26 copies of its annual reports and other relevant documents to assist  
27 the department in determining whether the urban water supplier  
28 is implementing or scheduling the implementation of water demand  
29 management activities. In addition, for urban water suppliers that  
30 are signatories to the Memorandum of Understanding Regarding  
31 Urban Water Conservation in California and submit biennial reports  
32 to the California Urban Water Conservation Council in accordance  
33 with the memorandum, the department may use these reports to  
34 assist in tracking the implementation of water demand management  
35 measures.